GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industrial Promotion- Incentives for setting up of New Industries in Andhra Pradesh- Industrial Investment Promotion Policy (IIPP) 2005-10 - Operational Guidelines issued for implementing the scheme -Amendment- Orders - Issued .

INDUSTRIES AND COMMERCE (POLICY AND INVESTMENT) DEPARTMENT

G.O.MS.No. 65 Dated: 10-05-2016
Read the following

1. G.O. Ms. No.328, Ind. & Com. (IP) Dept., Dt:13.12.2005.
2. G.O. Ms. No.149, Ind. & Com. (IP) Dept., Dt:20.06.2008.
3. From the Director of Industries, Andhra Pradesh, Hyderabad Single file No.30/01/2015/0959, dt: nil.

ORDER:

In the G.O. 1st & 2nd read above, Government have issued guidelines for implementation of the Industrial Investment Promotion Policy 2005-10.

2. In the reference 3rd read above, the Director of Industries, Andhra Pradesh, Hyderabad has requested the Government to issue certain amendments to the guidelines of Industrial Investment Promotion Policy 2005-10 in order to process the claim application of the Small and Medium Enterprises at District level.

3. Government after careful examination of the proposal of Director of Industries, Andhra Pradesh, Hyderabad hereby amend the guidelines for the Industrial Investment Promotion Policy (IIPP) 2005-10 issued vide G.O. Ms. No. 328, Ind. & Com. (IP) Dept., Dt:13.12.2005 read with G.O. Ms. No.149, Ind. & Com. (IP) Dept., Dt:20.06.2008 as follows:

AMENDMENTS

For	Read as
Para No 5.1.6 Stamp Duty: The above incentive shall be admissible to eligible units on the land area upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of industries where the open land requirements would be large due to the peculiar nature of industry, SLC may consider allowing land in excess of 5 times plinth area on case to case basis.	The above incentive shall be admissible to eligible units on the land area upto five times of the plinth area of the factory building constructed within the approved project cost. In respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature of industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries & Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis***
Para 5.2.5 Land cost: above benefits shall be admissible upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of industries where the open land requirements would be large due to the peculiar nature of industry, SLC may consider allowing land in excess of 5 times plinth area on case to case basis.	The above benefits shall be admissible upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature of industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries & Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis***

Para 8.1.1 Computation of fixed capital investment: Cost of land required for the successful working of the new industrial unit would normally be computed by considering value of five times the plinth area of the factory building constructed and not exceeding the approved project cost. However, in respect of industries where the open land requirements would be large due to the peculiar nature industry, SLC may consider allowing land in excess of 5 times plinth area on case to case basis. However cost of site leveling, clearance, laying of roads, etc. will not be considered for capital cost.	Cost of land required for the successful working of the new industrial unit would normally be computed by considering value of five times the plinth area of the factory building constructed and not exceeding the approved project cost. However, in respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries and Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis***. However cost of site levelling, clearance, laying of roads, etc. will not be considered for capital cost.
Para 11.00 Change of Management: The Industrial units that availed incentives/concessions should obtain the No Objection Certificate from the concerned financing institutions in respect of aided units before seeking the approval of Commissioner of Industries for any change of the constitution/Management/name & style of the unit within the first six (6) years from the date of commencement of Commercial production.	The Industrial units that availed incentives/concessions should obtain the No Objection Certificate from the concerned financing institutions in respect of aided units before seeking the approval of **DLC / DIPC** for any change of the constitution / Management / name & style of the **Micro, Small and Medium Enterprises** within the first six (6) years from the date of commencement of Commercial production. ***In respect of Large Industries & Mega Projects, the General Manager, DIC should submit the proposals to Commissioner of Industries for any change of the constitution/Management/name & style of the unit within the first six (6) years from the date of commencement of Commercial production***
Para 12.1 Change of location for aided units: Any Tiny/SSI units proposing to shift their units within the District, they should obtain No Objection Certificate from the concerned financing institutions in respect of aided units before seeking the approval of Concerned General Manager, District Industries Centre. In case of shifting of any industrial unit outside the District, they should obtain prior approval of the concerned financing institutions in respect of aided units before seeking the approval of Commissioner of Industries. In respect of Large & Medium Scale units proposing to shift within the District or outside the District should obtain prior approval of financing institution if it is aided and than approach Commissioner of Industries for permission. Shifting of unit to outside the State is not allowed.	Any **Micro, Small and Medium unit** proposing to shift their units within the District, they should obtain No Objection Certificate from the concerned financing institutions in respect of aided units before seeking the approval of Concerned General Manager, District Industries Centre. In case of shifting of any industrial unit outside the District, they should obtain prior approval of the concerned financing institutions in respect of aided units before seeking the approval of Commissioner of Industries. In respect of Large Industries & Mega Projects proposing to shift within the District or outside the District should obtain prior approval of financing institution if it is aided and then approach Commissioner of Industries for permission. Shifting of unit to outside the State is not allowed.

Para 12.2 Change of location for self financed units: In respect of Self Financed units: In respect of Tiny/SSI units proposing to shift their units within the District, they should obtain prior approval of Concerned General Manager, District Industries Centre. In case of shifting of any industrial unit outside the District they should obtain prior approval of Commissioner of Industries through the Concerned General Manager, District Industries Centre. In respect of Large and Medium Scale units (unaided or Self Financed) proposing to shift their unit either within the District or outside the District, should obtain prior permission from Commissioner of Industries. Shifting of unit to a place outside the State is not allowed.	In respect of **Micro, Small and Medium units** proposing to shift their units within the District, they should obtain prior approval of Concerned Chairman of DLC / DIPC & District Collector. In case of shifting of any industrial unit outside the District they should obtain prior approval of Commissioner of Industries through the Concerned General Manager, District Industries Centre. In respect of Large Industries and Mega Projects (unaided or Self Financed) proposing to shift their unit either within the District or outside the District, should obtain prior permission from Commissioner of Industries. Shifting of unit to a place outside the State is not allowed.
Para 13.1 Merger / Amalgama tion: Prior approval of the Commissioner of Industries is necessary for any merger/amalgamation of their units. The Public and Private Limited Companies seeking merger/amalgamation of their group of companies shall submit an application to Commissioner of Industries along with Judgement of the Hon'ble High Court in Company Petition along with NOC from the Financing Institution, Amended LI/IL/IEM and Incorporation Certificate form the Registrar of Companies.	Prior approval of the State Level Committee (**SLC)** is necessary for any merger/amalgamation of **of Micro, Small and Medium Enterprises**. The Public and Private Limited Companies **of large industries & Mega Projects** seeking merger/amalgamation of their group of companies shall submit an application to Commissioner of Industries along with Judgement of the Hon'ble High Court in Company Petition along with NOC from the Financing Institution, Amended LI/IL/IEM and Incorporation Certificate from the Registrar of Companies.
Para 14.00 Change of line of activity / inclusion of Additional line of activities: If an unit starts manufacturing new eligible items without any additional machinery or equipment, with the same plant & machinery, then such items shall be permitted for availing sale tax reimbursement within the overall eligibility fixed for the unit. They should obtain prior approval of the Commissioner of Industries before taking up production of such new items.	If an unit starts manufacturing new eligible items without any additional machinery or equipment, with the same plant & machinery, then such items shall be permitted for availing sale tax reimbursement within the overall eligibility fixed for the unit. They should obtain prior approval of the DLC / DIPC in respect of Micro, Small and Medium Enterprises and State Level Committee in respect of large industries & Mega Projects before taking up production of such new items respectively.
Para 15.00 Break-in-production: The Industrial units obtaining incentives should be in continuous production for a period of six (6) years from the Date of Commencement of Commercial Production failing which all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery. Break-in-	The Industrial units obtaining incentives should be in continuous production for a period of six (6) years from the Date of Commencement of Commercial Production failing which all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery. Break-in-production upto a period of one (1) year due to the reasons beyond its control such as shortage of raw-materials, power and

production upto a period of one (1) year due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by State Level Committee (SLC) it felt that the reasons are justifiable. Any break-in-production beyond 12 months, will result in extending the six (6) years continuous production condition by the period of such break.	change of management, etc. may be condoned by DLC / DIPC **in respect of Micro, Small and Medium Enterprises and** State Level Committee (SLC) **in respect of Large Industries & Mega Projects**, it felt that the reasons are justifiable. Any break-in-production beyond 12 months, will result in extending the six (6) years continuous production condition by the period of such break.
Para 18.2 Self Financed units: The Multi Disciplinary Committee at district level shall inspect the units with investment on Plant & Machinery below Rs. 60 lakhs.	The Multi Disciplinary Committee at district level shall inspect **all Micro, Small and Medium Enterprises.**
Para 18.3 Self Financed units: The Standing Scrutiny Committee (SSC) or Sub-Committee of State Level Committee (SLC) shall inspect the units with investment on Plant & Machinery over and above of Rs. 60 lakhs.	The Standing Scrutiny Committee (SSC) or Sub-Committee of State Level Committee (SLC) shall inspect **all large industries & Mega Projects** as the case may be.
Para 18.4.19 SLC: The above Committee shall scrutinize and sanction the claim of units involving eligible fixed capital investment of above 25.00 lakhs.	The above Committee shall scrutinize and sanction the claim of all **Large Industries & Mega Projects**
Para18.5.14 DLC: The above Committee shall scrutinise and sanction the claim of the units of the concerned District involving eligible fixed capital investment of Rs.25.00 lakhs and below (including the original investment in case of expansions, modernisations and diversifications).	The above Committee shall scrutinise and sanction the claim of the units of the concerned District involving eligible fixed capital investment of **all Micro, Small and Medium Enterprises** (including the original investment in case of expansions, modernisations and diversifications)..
Para 19.3 Condonation of Break-in-production: The SLC has the powers to condone the Break-in-production period of industrial units upto one (1) years. However, such Break-in-production period should be due to the reasons beyond the control of the Management such as shortage of raw-materials, power and change of management, etc.	The DLC / DIPC has the powers to condone the Break-in-production period in respect of ***Micro, Small and Medium Enterprises*** *and* ***State Level Committee has the powers to condone the Break-in-production period in respect of large*** **industries & Mega Projects** upto one (1) years. However, such Break-in-production period should be due to the reasons beyond the control of the Management such as shortage of raw-materials, power and change of management, etc.
Para21.2 Disburse-ment of funds: In respect of DLC sanctions, the General Managers shall forward the proposal to the Commissioner of Industries in statement in the form prescribed.	Sanction of Incentives for the ***Micro, Small and Medium Enterprises shall be done by the District Level Committee in respect of District level cases, GM, DIC & District collector will release the funds through Joint P.D. Account and sanction of Incentives for the large industries & Mega Projects shall be done by the State Level Committee.***

Para 21.3 Disbursement of funds: In respect of SLC sanction the General Managers after receipt of individual proceedings proceeded by consolidated proceedings shall obtain an agreement bond in prescribed proforma, advanced stamped receipt and assignment letter and forward the same in original to the disbursing agency APSFC / its branch along with assignment letter and stamped receipts in original after satisfying himself on the physical verification that the unit is working continuously, the assets are intact and there is no change in the management and also the unit complying with the conditions, if any, imposed in the consolidated proceedings.	In respect of SLC sanction **for large industries & Mega Projects,** the General Managers after receipt of individual proceedings preceded by consolidated proceedings shall obtain an agreement bond in prescribed proforma, advanced stamped receipt and assignment letter and forward the same in original to the Commissioner of industries after satisfying himself on the physical verification that the Enterprise / Industry is working continuously, the assets are intact and there is no change in the management, no change of financial institution and also the Enterprise/ Industry complying with the conditions, if any, imposed in the consolidated proceedings.
Para 21.5 Disbursement of funds: In case of disbursements of Reimbursements of Stamp duty and Transfer duty, rebate in land cost in IEs/IDAs, Power consumption charges, Commercial Tax, such reimbursement amounts will be paid to the concerned industrial units, in favour of the unit through crossed Account payee cheque. The GM, DICs on receipt of the individual proceedings shall obtain a self certification, utilization certificates in prescribed proforma and advanced stamped receipt from the unit and forward the same in original to APSFC after physically verifying the running of the unit.	In case of disbursements of Reimbursements of Stamp duty and Transfer duty, rebate in land cost in IEs / IDAs, Power consumption charges, Commercial Tax, such Reimbursement amounts will be paid to the industrial Enterprises concerned, in favour of the Enterprise / Industry through RTGS / NEFT to account. **The GM, DICs on intimation of the individual proceedings to the unit,** shall obtain a self certification, utilization certificates in prescribed proforma and advanced stamped receipt **in original** from the Enterprise / Industry and **process the same for disbursement of the amount** after physically verifying the running of the Enterprise / Industry.
Para 21.6 Disbursement of funds: The funds available for disbursement under this scheme will be placed with the APSFC.	Government will allocate the funds for disbursement of incentives under the scheme. The funds so allocated will be drawn and kept in the P.D. Account of **District Industries Centre in respect of Micro, Small & Medium Enterprises and in respect of Large Industries & Mega Projects, the funds will be drawn and kept in the P.D. Account of Commissioner of Industries.**
Para 21.7 Disbursement of funds: The disbursements are made in a bunch of cases through consolidated proceeding separately for SLC sanctions and DLC sanctions observing the chronological order of such meetings held. The consolidated proceedings indicating the name of the industry, amount sanctioned and amount released are on Managing Director, APSFC under copies to DICs, Branch Managers of APSFC concerned, etc.,	The disbursements are made in a bunch of cases through consolidated Proceeding separately for SLC sanctions and DLC / DIPC sanctions observing the chronological order of such meetings held. The consolidated proceedings indicating the name of the industry, amount Sanctioned and amount released to General Manager, District Industries Centre in respect of Micro, Small and Medium Enterprises by the Collector & Chairman of DLC /DIPC. The Commissioner of Industries & Chairman of SLC will issue Consolidated Proceedings to the Accounts Officer, O/o. Commissioner of Industries in case of large industries. The disbursements will be made

	to Term Loan account of the Financial Institution which sanctioned the loan for adjusting the outstanding dues. Where ever there is no outstanding in the loan account, the Financial Institution is permitted to transfer the balance subsidy amount to working capital loan account of unit holder after due adjusting the outstanding loan amount to facilitate for smooth running the Enterprise/Industry as per procedure of the concerned Bank from time to time. Where ever this facility is not available to certain Banks, the incentives/subsidy amount will be released to a non-operative savings account where the Banker / Financial Institution is advised to adjust the released amount to settle the outstanding dues of the loan account and the balance can be transfer to working capital loan account of the unit.
Para 21.8 Disbursement of funds: In respect of SLC sanctions, after the issue of individual proceedings, in favour of units in the form prescribed under copies to Managing Director, APSFC, Branch Manager of APSFC / Financial Institutions which have sanctioned term loans and working capital loans and General Manager, DIC concerned. After receipt of assignment letter and advance stamped receipt, the Managing Director, APSFC / Branch Manager, APSFC, shall release the subsidy amount to the individual units through crossed / A/c. payee cheques in the name of the Financial Institution (in whose favour assignment letter was given by the beneficiary industrial unit) A/c. industrial unit and send the same to the respective Financial Institution direct under intimation to the beneficiary industrial unit and the General Managers, DIC concerned. If the APSFC happens to be the Financial Institution, which has sanctioned the term loan, the subsidy amount is released to the industrial unit after crediting the same to the A/c. of the industrial unit with APSFC. In case of industrial units which have availed any bridge loans against the anticipated subsidy, the subsidy amount shall be released first to the Financial Institution which has sanctioned and released bridge loan, to discharge the liability in full against such sanction and balance amount, if any, would be released in the manner prescribed above.	In respect of SLC sanctions **for large industries & Mega Projects**, after the issue of individual proceedings Issued by the Member Convener of SLC, in favour of industrial enterprises in the form prescribed under copies to the Managing Director, APSFC, the Branch Manager of APSFC / Financial Institutions which have sanctioned term loans and working capital loans and the General Manager, DIC concerned. After receipt of assignment letter and advance stamped receipt, the Commissioner of Industries shall release the subsidy amount to the individual Enterprises account **of large industries & Mega Projects** through RTGS / NEFT (in whose favour assignment letter was given by the beneficiary industrial enterprise Account) and send the same to the respective Financial Institution direct under Intimation to the beneficiary. In case of industrial Enterprises which have availed any bridge loans against the anticipated subsidy, the subsidy amount shall be released first to the Financial Institution which has sanctioned and released bridge loan, to discharge the liability in full against such sanction and balance amount, if any, would be released in the manner prescribed above.

Para 21.9 Disbursement of funds: In respect of DLC sanctions, the General Managers, DIC shall be forwarding the sanctions of DLCs to the Additional Director of Industries and Member-Secretary of SLC along with statement in the form prescribed, individual proceedings sanctioning after the issue of consolidated proceedings, individual proceedings are issued in favour of individual units in the form prescribed under copies to Managing Director, APSFC, Branch Manager, APSFC, Financial Institutions which have sanctioned term loans and working capital loans and General Manager, DIC concerned. After receipt of assignment letter and advance stamped receipt, the Managing Director, APSFC, Branch Manager, APSFC, shall release the subsidy amount to the individual units through crossed / A/c. payee cheques in the name of the Financial Institution (in which favour assignment letter was given by the beneficiary industrial unit) A/c. industrial unit and send the same to the respective Financial Institution direct under intimation to the beneficiary industrial unit and the General Managers, DIC concerned. If the APSFC happens to be the Financial Institution, which has sanctioned the term loan, the subsidy amount is released to the industrial unit after crediting the same to the A/c. of the industrial unit with APSFC. In case of industrial units which have availed any bridge loans against the anticipated subsidy, the subsidy amount shall be released first to the Financial Institution which has sanctioned and released bridge loan, to discharge the liability in full against such sanction and balance amount, if any, would be released in the manner prescribed above.	***In respect of DLC sanctions for Micro, Small and Medium enterprises, after the issue of individual proceedings Issued by the Member Convener of DLC / DIPC, in favour of industrial enterprises in the form prescribed under copies to the Commissioner of Industries / Managing Director, APSFC, the Branch Manager of APSFC / Financial Institutions which have sanctioned term loans and working capital loans after receipt of assignment letter and advance stamped receipt, the General Manager, District Industries Centre shall release the subsidy amount to the individual Enterprises account of Micro, Small and Medium Enterprises through RTGS / NEFT (in whose favour assignment letter was given by the beneficiary industrial enterprise Account) and send the same to the respective Financial Institution direct under Intimation to the beneficiary. In case of industrial Enterprises which have availed any bridge loans against the anticipated subsidy, the subsidy amount shall be released first to the Financial Institution which has sanctioned and released bridge loan, to discharge the liability in full against such sanction and balance amount, if any, would be released in the manner prescribed above.***
Para 21.10 Disbursement of funds: In respect of APSFC financed industrial units, subsidy amounts sanctioned and released shall not be credited to the A/c. of respective industrial units if they are sick, closed or changes of management taken place or sold away, etc. Also wherever the General Manager, DICs finds an industrial unit sick, closed, change of management taken place etc. or for any other reason not worthy or receiving subsidy fill further examination, the Managing Director,	Wherever the General Manager, DICs finds an industrial enterprise sick, closed, change of management taken place, change of financial institution etc, or for any other reason not worthy of receiving subsidy till further examination by the **DLC / DIPC in respect of Micro, Small and Medium Enterprise, and in respect of large industry** by the Commissioner of Industries shall not disburse the subsidy to such Enterprise / industry on written intimation given to them by the General Managers DICs. In case of above two situations, the subsidy shall be disbursed only after further clearance given by the **District Level**

APSFC / Branch Manager, APSFC shall not disburse the subsidy to such units on written intimation given to them by the General Managers DICs, or by Commissioner of Industries. In case of above two situations, the subsidy shall be disbursed only after further clearance given by the Additional Director of Industries and Member-Secretary, SLC.	**Committee (DIPC) / State Level Committee as the case may be**.

2. The Director of Industries, Andhra Pradesh, Hyderabad shall take necessary action in the matter.

3. This order issues with the concurrence of Finance Department vide their U.O. No. 0034/03/FMU-Rev-IC/A2/2016, dt: 28.03.2016.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.S. RAWAT
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, A.P., Hyderabad.
All Districts Collectors in the State.
All General Managers, District Industries Centers in the State.
The Accountant General, Andhra Pradesh, Hyderabad
Copy to:
The Pay and Accounts Officer, Hyderabad
The Finance .(FMU-Rev-IC) Department
The VC & MD, APIIC, Hyderabad.
The VC & MD, APSFC, Hyderabad.
The Convenor, SLBC & General Manager, Andhra Bank, Head Office, Saifabad, Secretariat Road, Hyderabad.
The AP TRASCO, Hyderabad.
All the Departments in the Secretariat
The P.S. to Chief Secretary to Government
The P.S. to Secretary to Chief Minister
File No. 16776/P&I/A1/2015
Sf/Sc.

//FORWARDED :: BY ORDER//

SECTION OFFICER